

Plaintiffs' Lawsuit

IN RE: PROCESSED EGG PRODUCTS
ANTITRUST LITIGATION
: :
: : MDL No. 2002
: : 08-md-02002
: :
: : THIS DOCUMENT RELATES TO:
: : Kraft Foods Global, Inc. et al v. United Egg
: : Producers, Inc., et al., No. 2:12-cv-00088-GP
: :
: : SECOND AMENDED COMPLAINT

Dr. Baye's Report

EXPERT REPORT OF MICHAEL R. BAYE, PH.D.

Highly Confidential – Subject to Protective Order

January 22, 2015

Baye Rep. Ex. 1

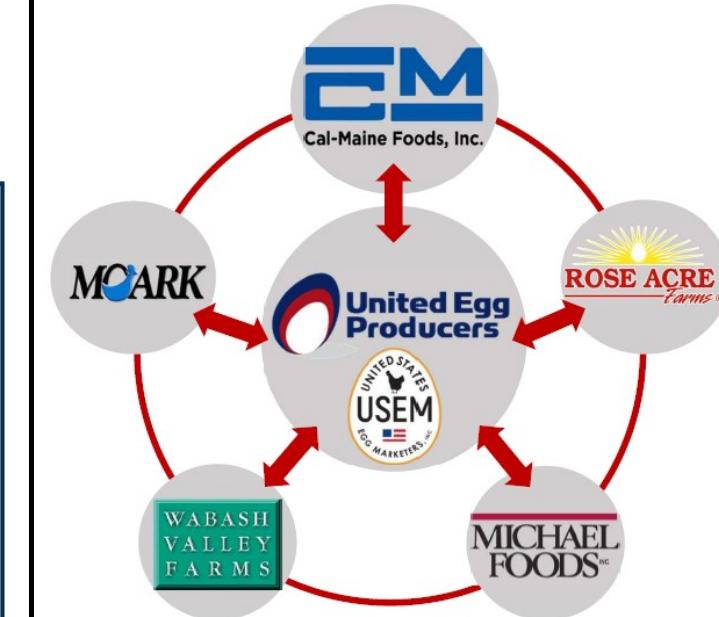
Named Alleged Co-Conspirators

- Cal-Maine
- Daybreak
- Hillandale Farms
- Michael Foods
- Midwest Poultry
- Moark
- National Food Corp.
- Norco Ranch
- NuCal Foods
- Ohio Fresh Eggs
- Rose Acre Farms
- RW Sauder
- Sparboe Farms
- Wabash Valley Produce

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- **Land 'O Lakes**
- **Weaver Brothers**
- **Zephyr Egg Co.**

Plaintiffs' At Trial



The Conspiracy



2 Exports

3 Henhouse Density

4 Backfilling Ban

Price Effects of USEM Coordinated Exports: 2006-2008

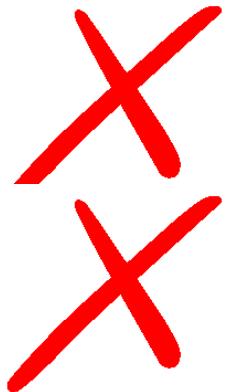
Month	Quantity Exported			U.S. Egg Consumption ----(Dozens)----	Percent Decrease in Domestic Sales Due to Coordinated Export	Percent Increase in Price Due to Coordinated Export
	Containers	Cases	Dozens			
(a)	(b)	(c)	(d)	(e)	(f)	(g)
October-06	90	76,500	2,295,000	552,263,416	-0.41 %	2.57 %
January-07	300	246,600	7,398,000	538,780,322	-1.35	8.69
February-07	300	243,750	7,312,500	487,190,666	-1.48	9.53
April-07	200	160,000	4,800,000	524,758,489	-0.91	5.72
October-07	130 ¹	106,003	3,180,085	546,598,949	-0.58	3.61
June-08	100	80,000	2,400,000	510,075,868	-0.47	2.91

Note: Percent increase in price calculated using an inverse elasticity of -6.11076 for Northwest White Jumbo Shell, the most elastic demand estimated from the 2SLS model.

¹ Number of cases estimated using average number of cases per container for available data.

Source: NL001776; MOARK0009486-93 at MOARK0009486; NL001774-5 at NL001774; MOARK0008660-69 at MOARK0008660; UE0199809-10 at UE0199809, UE01998010; RA0000703-10 at RA0000703, RA0000704; RA0002299-306 at RA0002299; MOARK0007450-1 at MOARK0007450; MOARK0036622-3 at MOARK0036622; MOARK-IPP-0028504-5 at MOARK-IPP-0028504, MOARK-IPP-0028505; USDA.

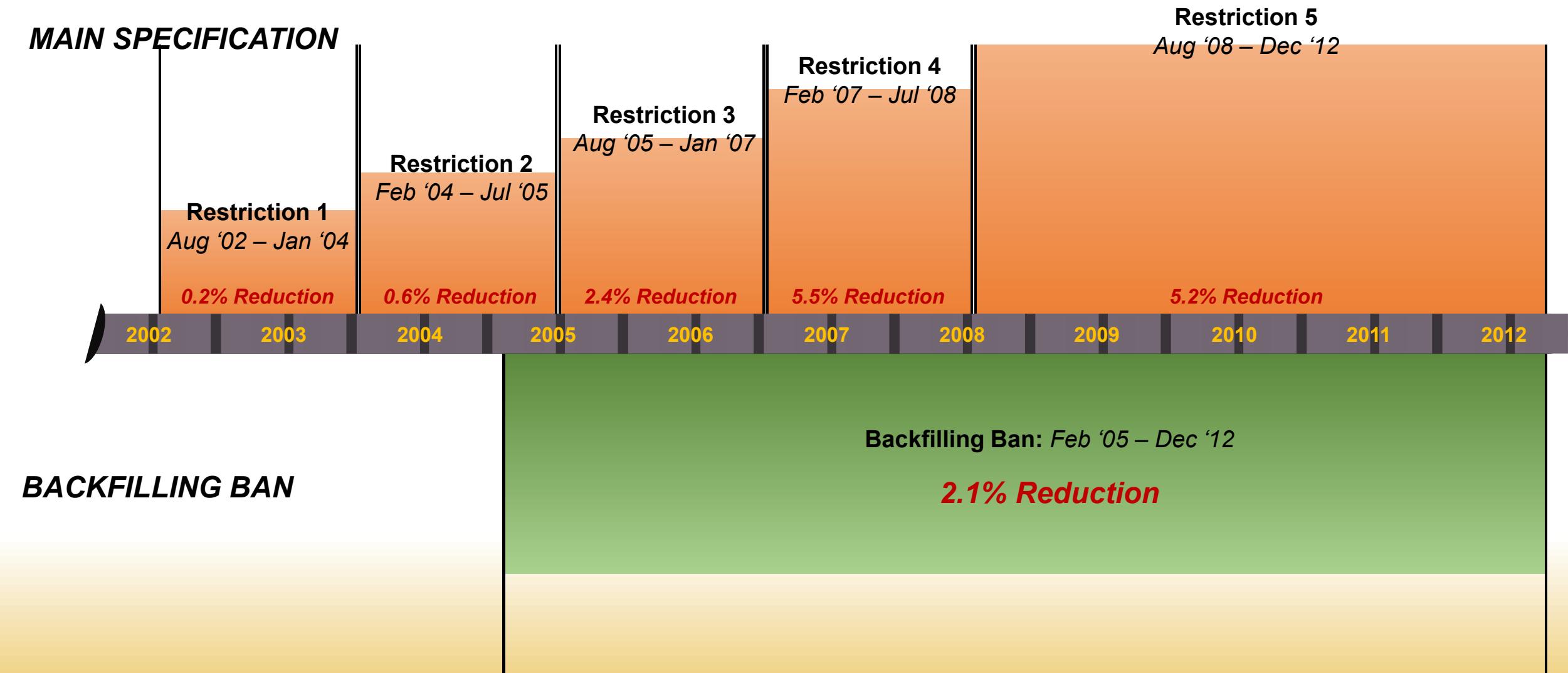
The Conspiracy



3 Henhouse Density

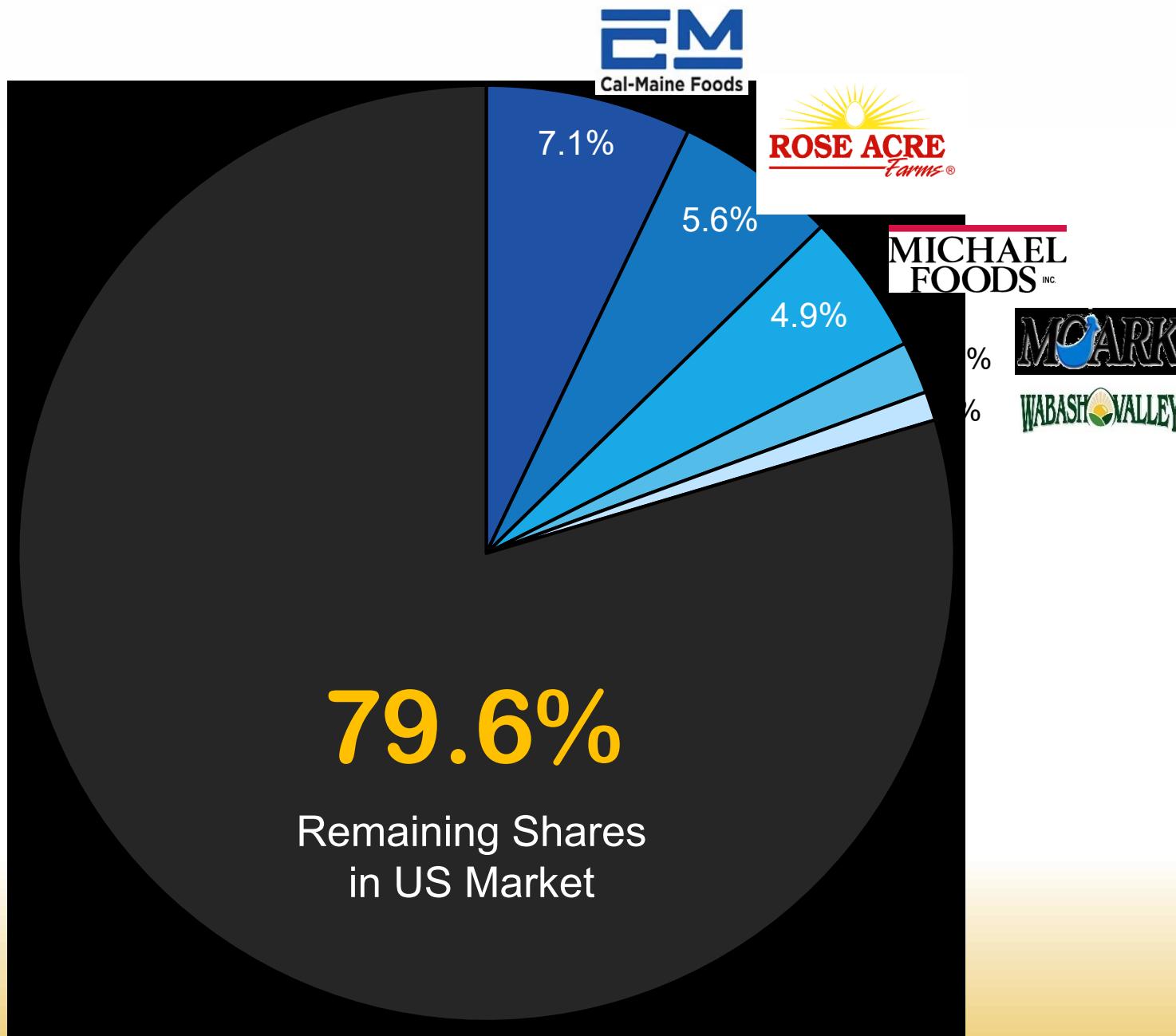
4 Backfilling Ban

Dr. Baye's Egg Production Model Results



Percentage Increase in Cage Space

	Cage Space - White Hens:	Percentage Increase:	Statistically Significant at 99% Level?
Pre-2002	48" or 53"	N/A	
Restriction 1	56" (+8" or +3")	16.67% / 5.66%	NO
Restriction 2	59" (+3")	5.36%	NO
Restriction 3	61" (+2")	3.39%	YES
Restriction 4	64" (+3")	4.92%	YES
Restriction 5	67" (+3")	4.69%	YES



Non-UEP Members Enrolled in the Certified Program (2004)

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Exhibit 7

Share of Flock Size by Vendor, Status and Vendor Type
for 2004

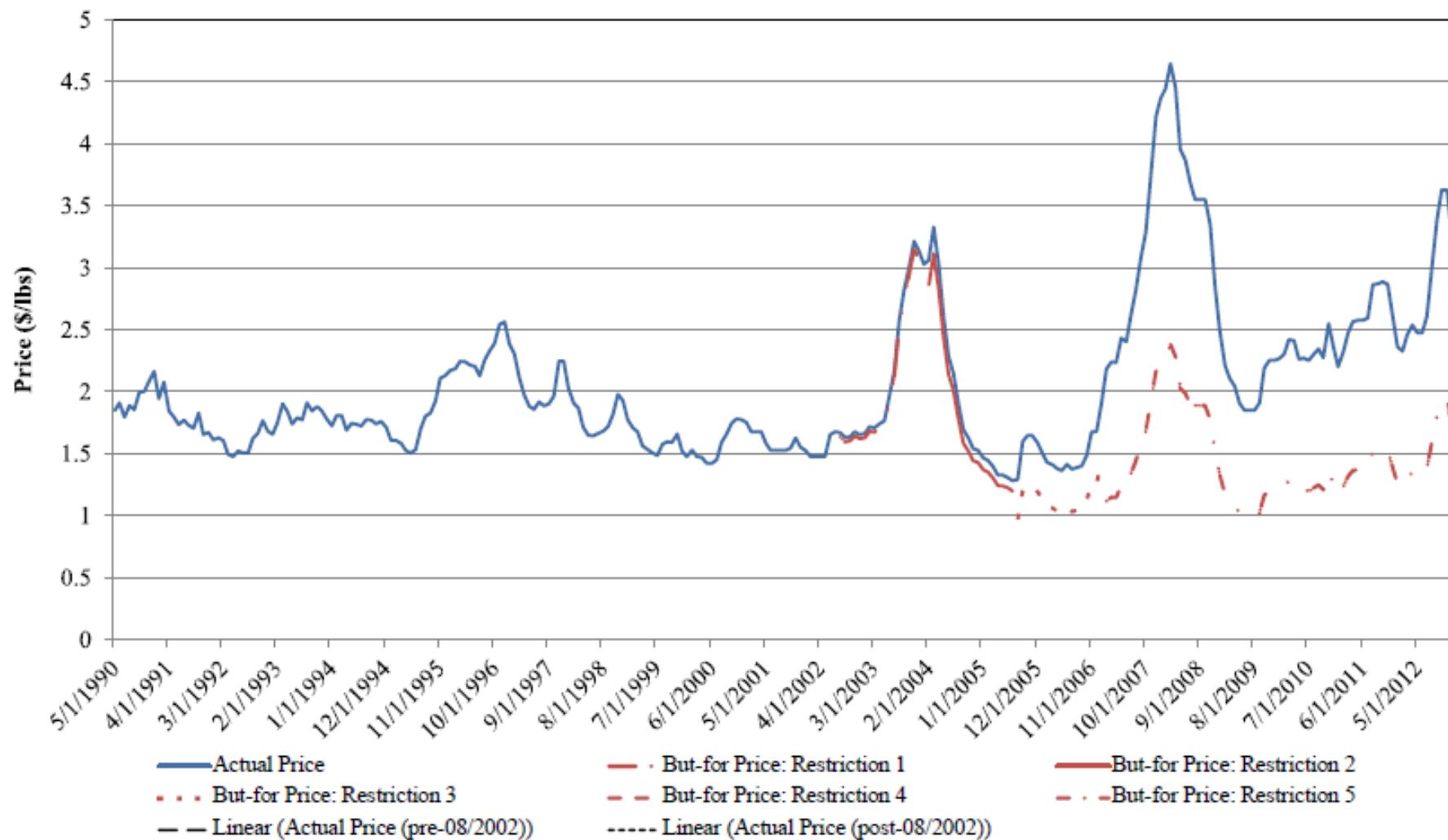
Vendor	UEP Member	UEP Certified	Vendor Type	Flock Size (Number of Layers)	Share (Percent)
(a)	(b)	(c)	(e)	(d)	(e)
Wenger's Feed Mill	No	Yes		5,803,976	2.0
Hemmelm & Sons	No	Yes		1,500,000	0.5
Butcher Associates	No	Yes		1,400,000	0.5
Sunbest-Papetti Farms	No	Yes		1,200,000	0.4
CFMG	No	Yes		1,100,000	0.4
Hoover Ranch	No	Yes		876,456	0.3
Hohberg Poultry Ranches	No	Yes		650,000	0.2
Ham & Eggs LLC	No	Yes		600,000	0.2
Wenning Poultry	No	Yes		585,000	0.2
Crystal Valley Farms	No	Yes		320,000	0.1
Freitas Fresh Eggs	No	Yes		315,000	0.1
Pick of the Chick Egg Farm	No	Yes		265,000	0.1
Baer Inc., Joel	No	Yes		250,000	0.1
Gehman Feed Mill Inc.	No	Yes		230,000	0.1
Mahrt, Boyd	No	Yes		202,000	0.1
Montana Eggs	No	Yes		180,000	0.1
Esbenshade Farms	No	Yes		173,622	0.1
Niemeyer Farms Inc.	No	Yes		160,000	0.1
Riverview Farms	No	Yes		140,000	0.0
Kincaid Farms Inc.	No	Yes		86,629	0.0
Swanson, Inc., Richard	No	Yes		84,000	0.0
Brendle Farms Inc.	No	Yes		65,000	0.0
Dai-Zen Farms, Inc	No	Yes		60,000	0.0
C&S Farms	No	Yes		52,238	0.0
Stone Ranch	No	Yes		45,000	0.0
Bonham Bros. Farms	No	Yes		28,658	0.0
Country Fresh Poultry	No	Yes		15,840	0.0
Cal Poly State	No	Yes		14,000	0.0
Mountain View Colony, Inc.	No	Yes		13,900	0.0
Golden Valley Colony	No	Yes		10,600	0.0
Big Stone Colony	No	Yes		8,800	0.0
Modesto Jr. College	No	Yes		2,000	0.0

- 32 egg producers
- About 6% of the national flock
- Over 16 million hens

Dr. Baye's Calculation of Damages

Change in Price = Inverse Elasticity \times Change in Production

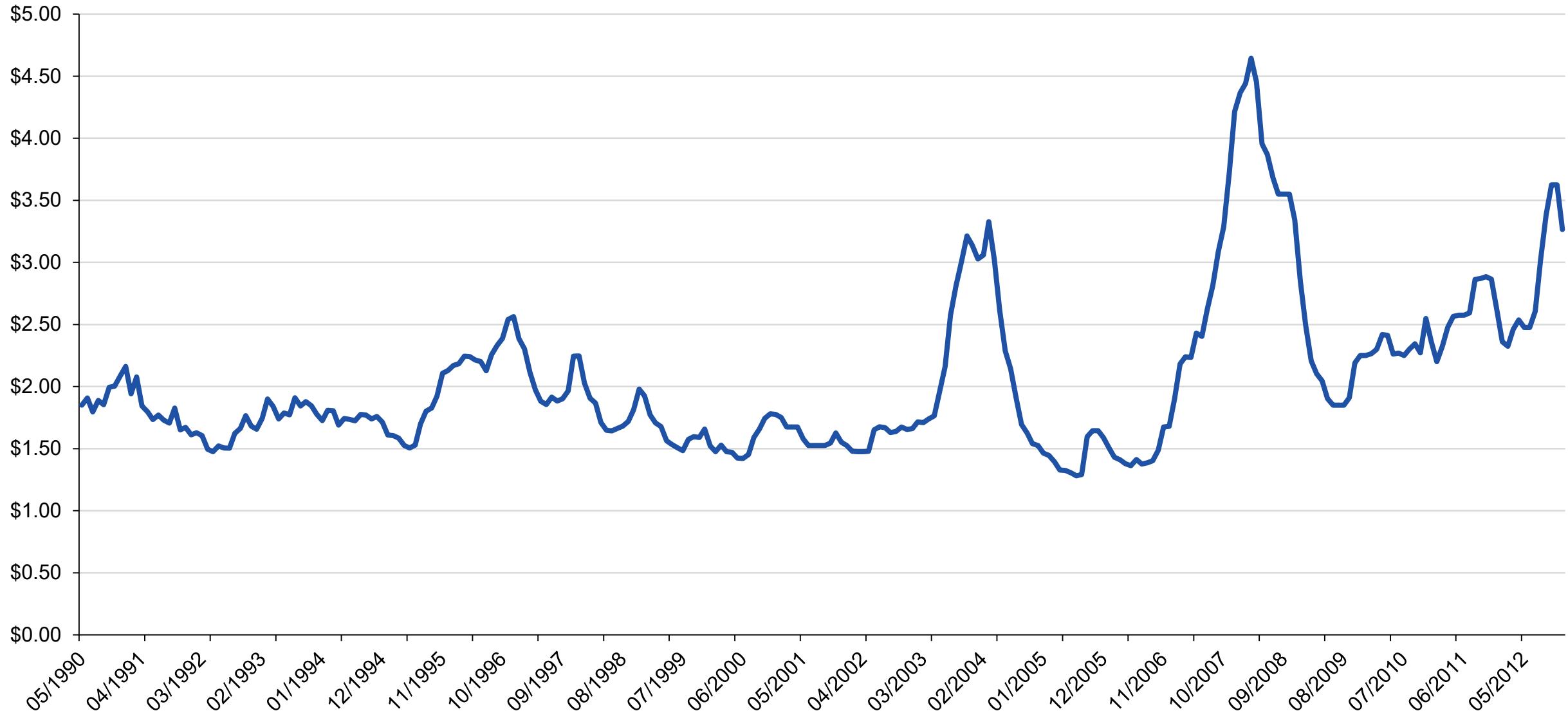
Actual vs. But-For Price of Dried Whole Plain Egg 1990-2012



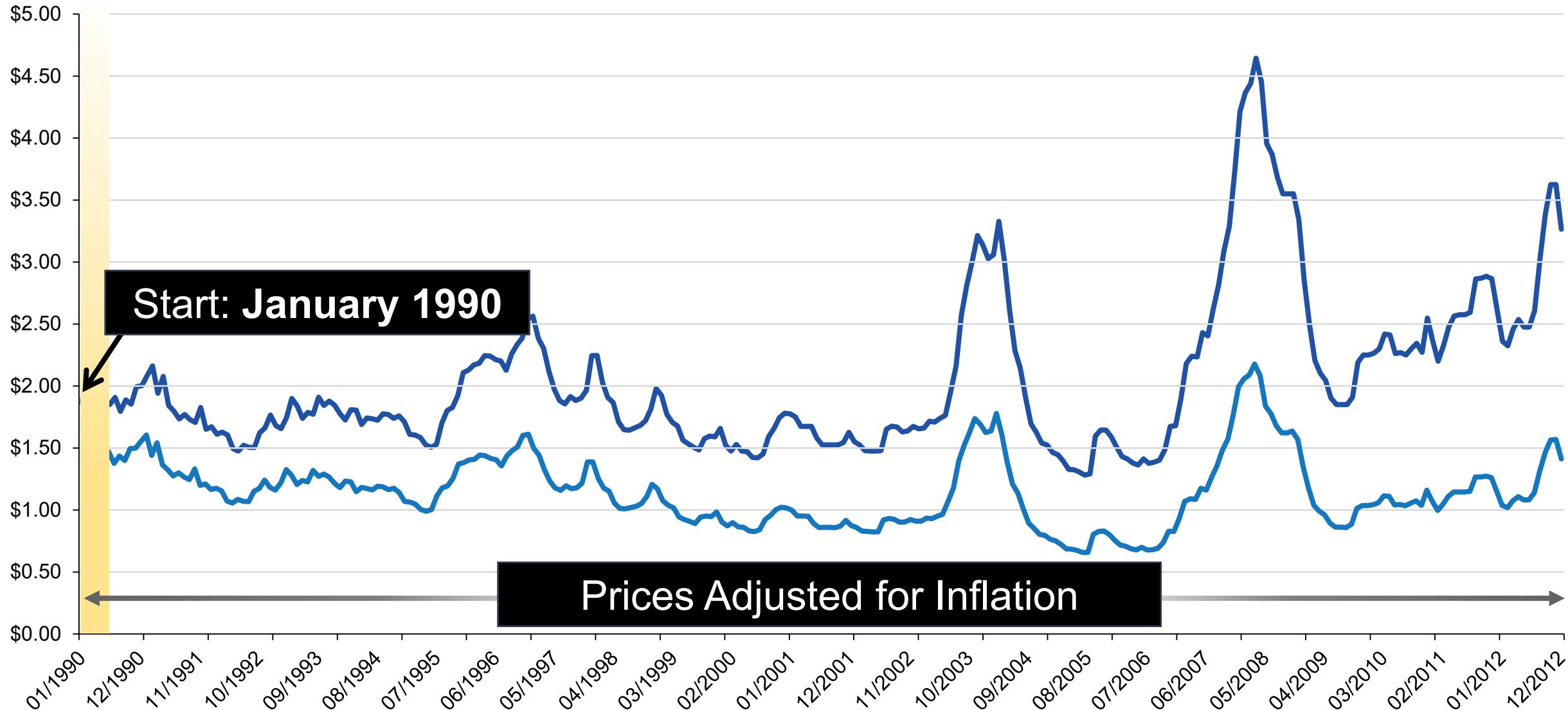
Source: Baye Rep. App'x 4

Source: Urner Barry

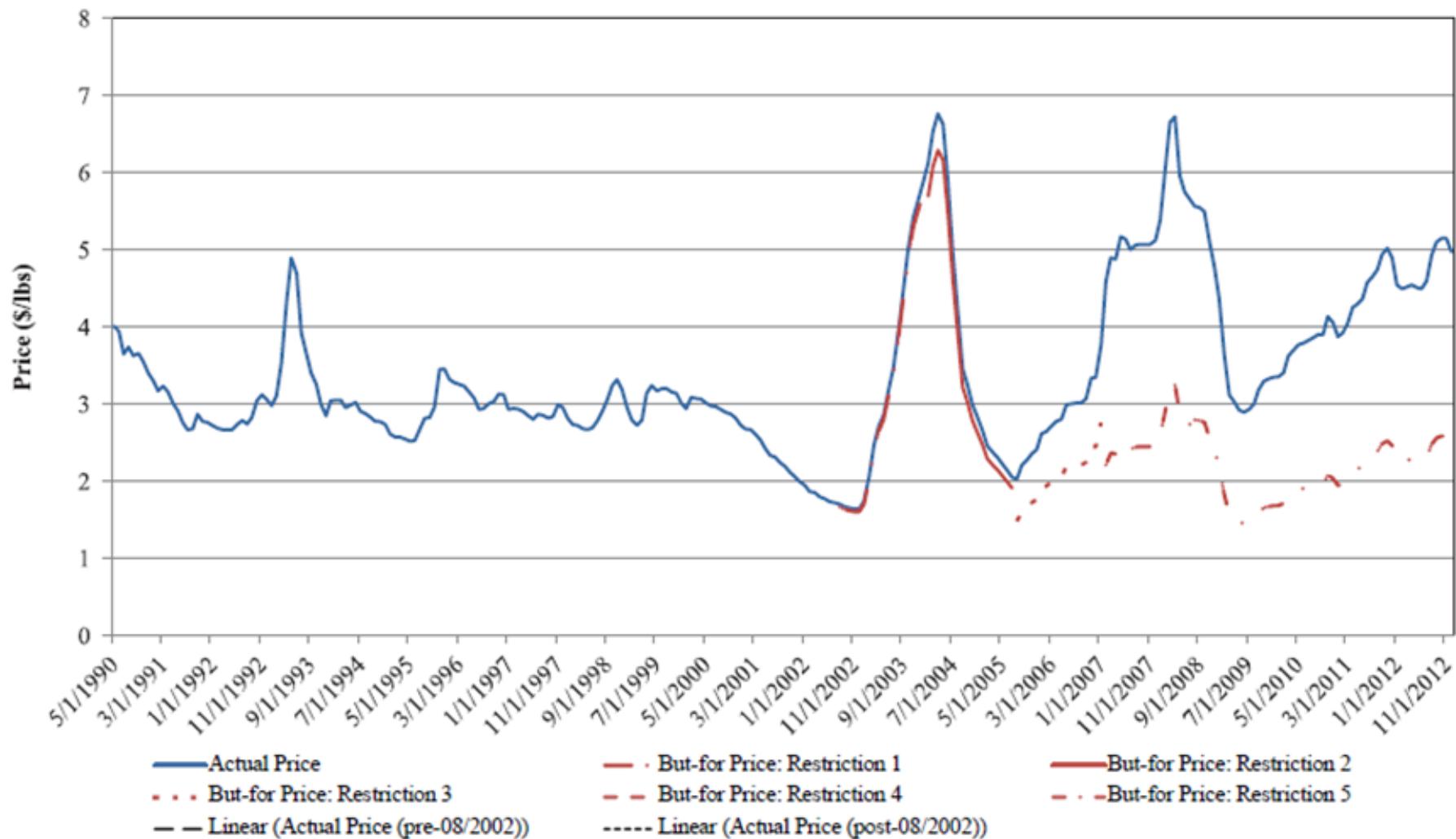
Dr. Baye's Original Chart: Dried Whole Plain Egg



Correctly Adjusted Dr. Baye's Chart: Dried Whole Plain Egg



Actual vs. But-For Price of Dried Egg White 1990-2012

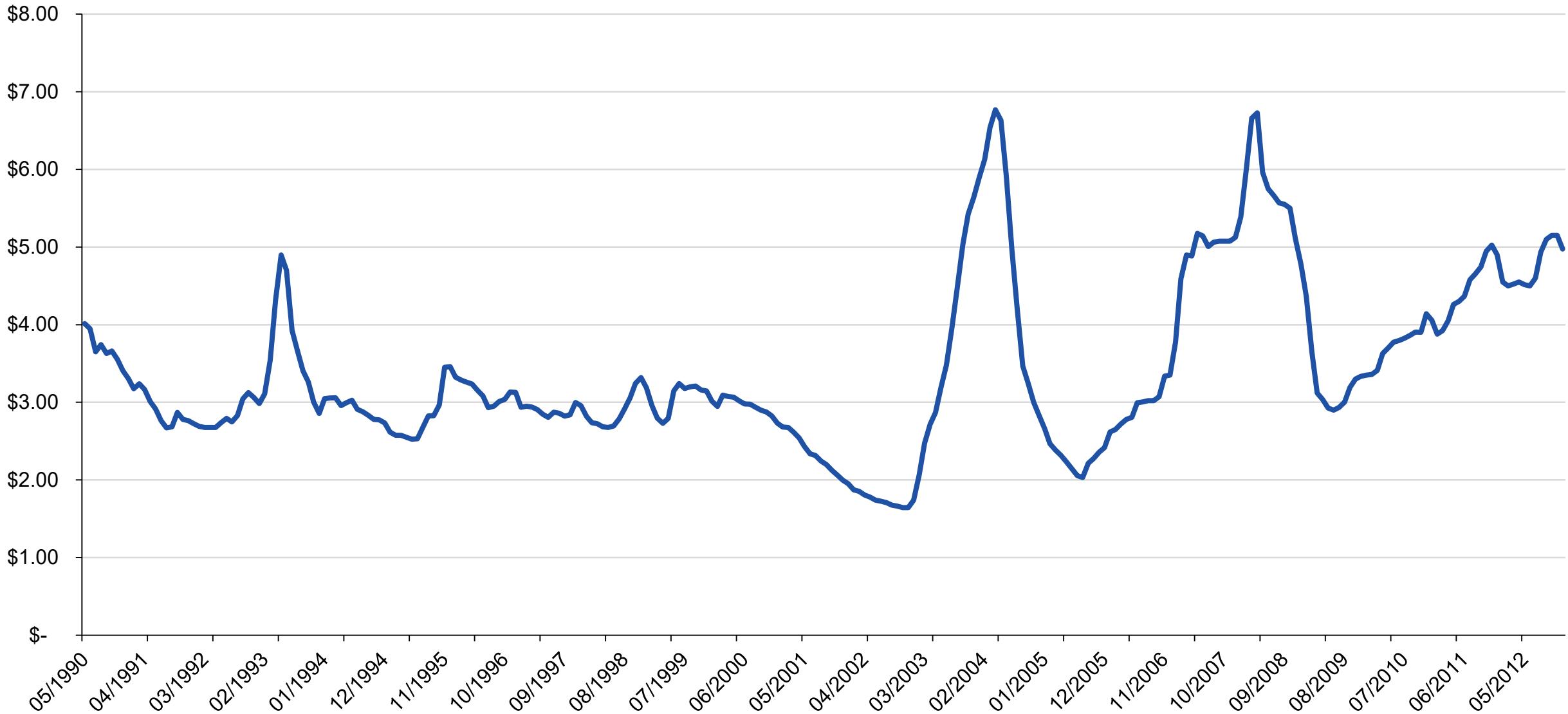


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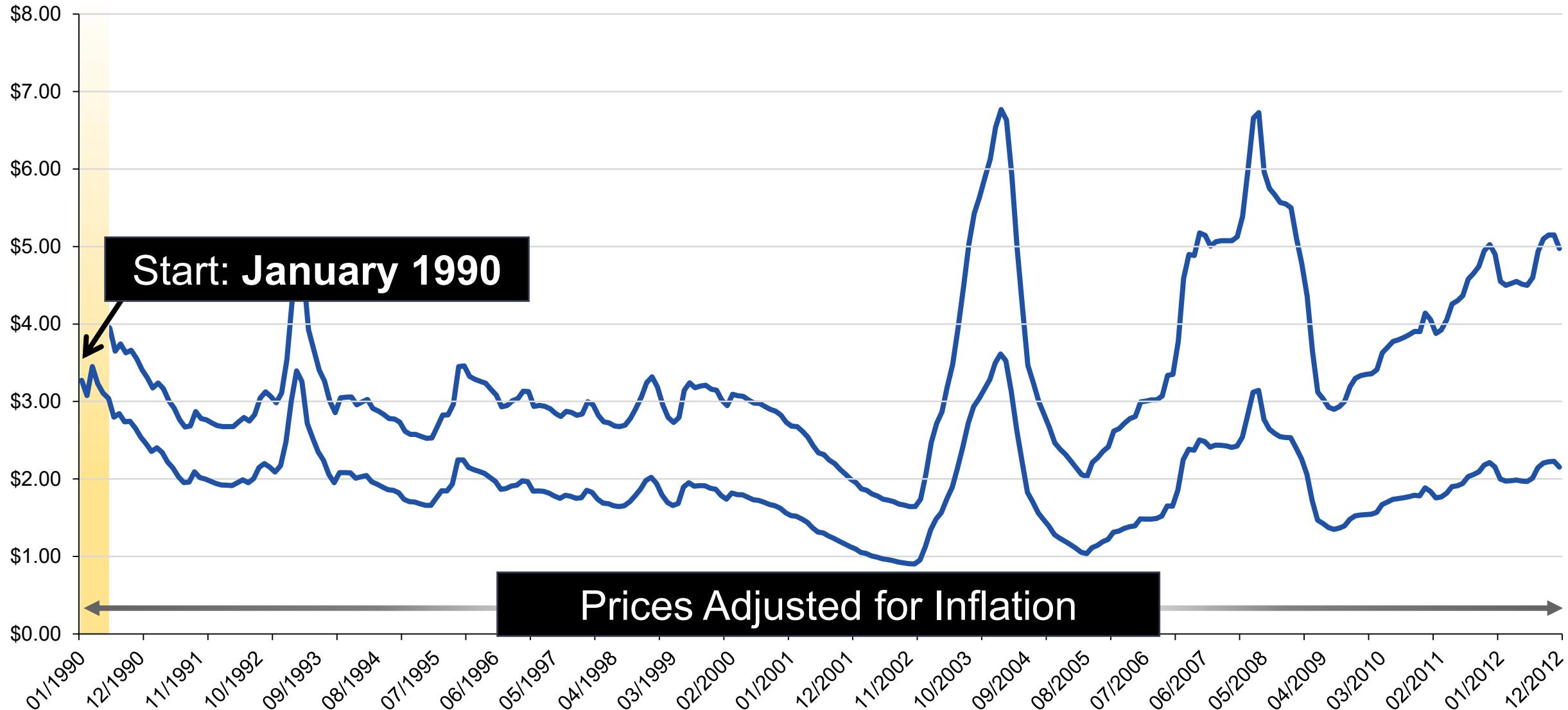
Source: Urner Barry

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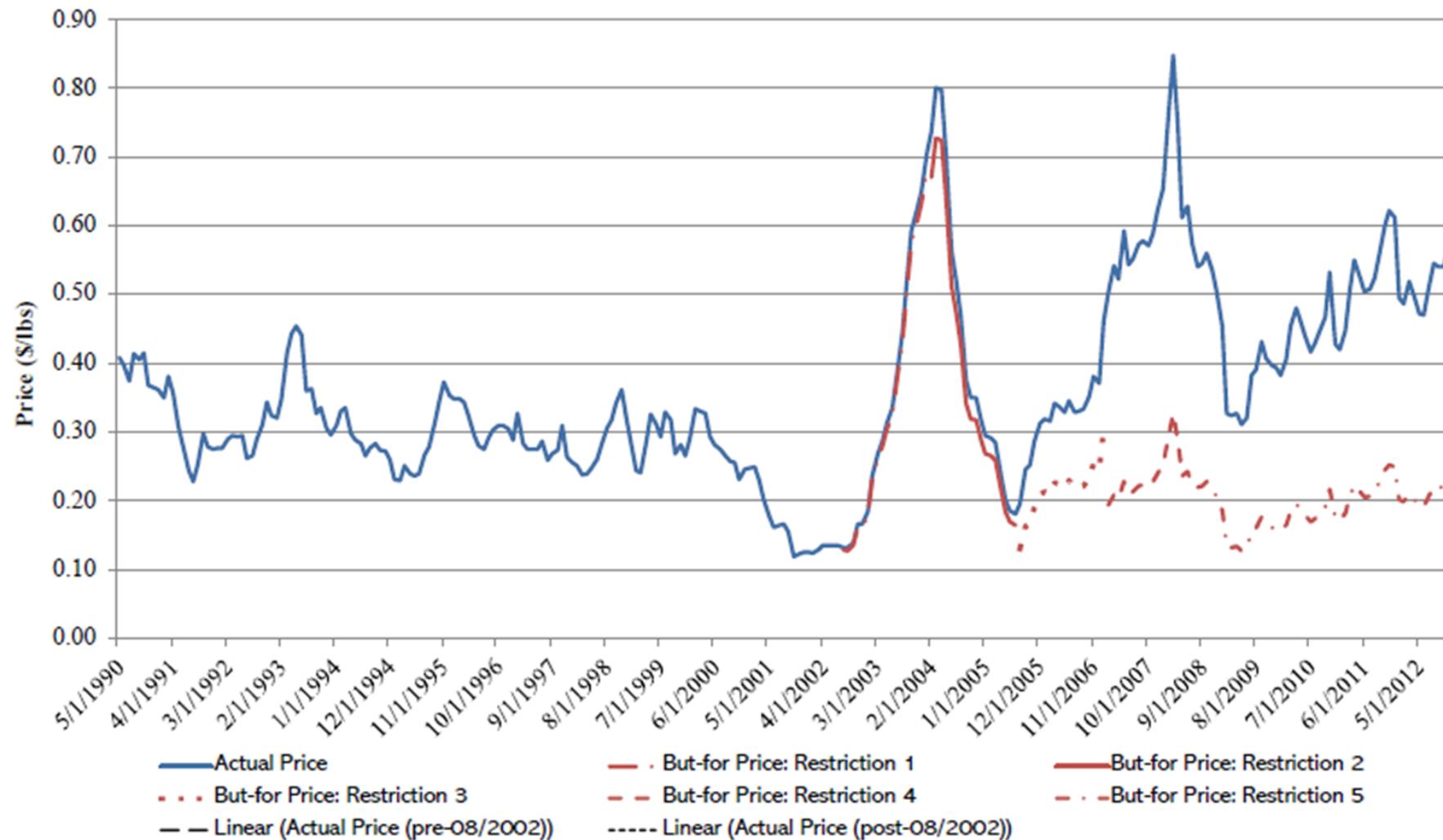
Dr. Baye's Original Chart: Dried Egg White



Correctly Adjusted Dr. Baye's Chart: Dried Egg White



Actual vs. But-For Price of Liquid Egg Whites 1990-2012



Source: Baye Rep. App'x 4

Source: Urner Barry.

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Dr. Baye's Original Chart: Liquid Egg Whites



Correctly Adjusted Dr. Baye's Chart: Liquid Egg Whites

